# Tourism British Columbia

## Three year Service Plan Highlights

## 2002/03 – 2004/05

# TABLE OF CONTENTS


## OVERVIEW

Organization Overview 2
Mandate and Goals 3
Strategic Context 4
Planning Context and Key Strategic Issues 4
Market Overview 6

## CORE BUSINESS FUNCTIONS

Marketing & Sales 8
Tourism Operations 24
Business Development 32
Corporate Services 39
Human Resource Development 41

## SUMMARY FINANCIAL OUTLOOK 42

## TOURISM BRITISH COLUMBIA OFFICES 44

## Organization Overview

Tourism British Columbia was established as a Crown corporation when the Tourism British Columbia Act was passed by the British Columbia legislature in June 1997. Its purpose is to promote the growth and development of the tourism industry through innovative marketing programs and industry development initiatives. Tourism British Columbia is structured to function as a professional marketing organization, with business units strategically focused across the consumer purchase cycle.

Tourism British Columbia's model of corporate governance is responsive to the needs of the industry. The Directors in the corporation are active participants in tourism, bringing the skills, knowledge and experience needed to support the industry's long-term development.

## Measuring Performance

To ensure Tourism British Columbia continues to be responsive to the needs of the tourism industry, performance measures have been incorporated at three key levels: Industry performance, corporate performance, and individual business unit performance in each of the organization's operating divisions.

### Industry Performance

Industry performance is gauged by an extensive combination of indicators with particular focus on accommodation statistics such as room revenue, occupancy levels and average daily rates. In addition, Tourism British Columbia monitors visitation through customs entries, airport arrivals, cruise ship activity, attendance at provincial parks, ferry traffic, highway traffic and visitor party information gathered throughout the provincial Visitor Information Centre network.

### Corporate Performance

Tourism British Columbia's corporate performance is measured through an annual Stakeholder Survey administered by a third-party professional research organization, involving feedback from over 400 randomly selected industry stakeholders each year. The corporation's performance target is to achieve a satisfaction level of 3.5 out of a maximum of 5.

Business Unit Performance

In each of the corporation's core business functions, approved performance measures have been established relating to the specific activities, objectives and goals as further described in this plan.

## Mandate and Goals

Under the *Tourism British Columbia Act*, the corporation's mandated goals are to:

- Position British Columbia as a preferred travel destination to consumers and the travel trade;
- Provide travel information and services for tourists, which encourage initial and repeat visitation, longer stays, and extended travel throughout the province;
- Implement programs, which provide an assurance to the visitor that acceptable standards are available, and encourage operators to enhance the quality of their products;
- Foster the development of an industry that is professional, well-trained, and provides quality services to visitors from around the world;
- Undertake research on the size and growth of the industry, and provide analysis of issues impacting development of the industry for use by government agencies and industry organizations;
- Pursue opportunities to generate incremental revenue through program activities, and leverage resources of the tourism industry and non-traditional partners to ensure resources are available to achieve the organization's objectives.

## Core Business Functions

Tourism British Columbia's **Marketing & Sales division** develops and implements marketing programs that are based on consumer research and targeted to markets identified as priorities. The **Tourism Operations division** deals directly with visitors and industry to improve the quality of the tourism product and enhance the visitor experience. The **Business Development division** focuses on industry needs, seeking innovative ways to maximize funding and provide information and tools that foster industry development. **Corporate Services** and **Human Resources Development** divisions provide internal support for the corporation's activities.

Returning to Tourism British Columbia is **Beautiful British Columbia Magazine**, which provides a unique tool to further convey British Columbia's tourism opportunity to targeted consumers as a complement to the corporation's family of strategic publications.

## Strategic Context

Tourism British Columbia's **Vision** is to be recognized and respected as a world leader in tourism destination management.

The **Mission** is to exceed customers' expectations by providing leadership and programs that ensure the success of the British Columbia tourism industry, resulting in a quality visitor experience.

The Corporate **Values** that have been identified and adopted by staff at Tourism British Columbia are:

*Integrity* - what we bring as individuals
*Enthusiasm* - what we portray
*Teamwork* - how we work together
*Progressive* - what we strive for

## Planning Context and Key Strategic Issues

The impacts of the tragic events of September 11, 2001 will have a significant influence on the future of tourism in British Columbia, evidenced by a drop in visitation and revenue for the first time in a decade.

Though it is too early to predict the long-term impacts, the downturn experienced in 2001 has necessitated a careful examination of all marketing strategies to ensure that British Columbia maximizes its results with diminished funds.

Tourism British Columbia has responded to these unusual conditions with several key actions.

- As a result of a revised revenue forecast, it was necessary for the corporation to realize $1.96 million in reduced expenditures for fiscal 2002. These savings were achieved through various efficiencies, including reduction of budgets throughout all divisions and elimination or postponement of activities not considered essential.
- Efforts were increased to collect timely data to gauge impacts on visitation and revenue. A management information system has been developed that packages a number of indicators, such as accommodation data, bookings from key accounts, customs information and relevant consumer trend information including travel attitudes and intent to purchase.
- All Tourism British Columbia consumer programs were reviewed based on their effectiveness and appropriateness in reaching customers in the current marketplace and in the foreseeable future.
- Strategic new marketing activities were initiated despite limited means. Through core partnerships, short-term business was targeted in Seattle, Toronto and other near-in markets. This is intended to build new business activity to mitigate losses that began in the last quarter of 2001.

## Strategic Shifts

A significant challenge resulting from September 11 is the issue of perimeter clearance between the United States and Canada, which has the potential to cause a negative experience for travelers to British Columbia and may affect decisions to return. There is a need for innovative solutions to this pressing issue.

Beyond security concerns at airports, the stability of the airlines themselves, including the long-term availability of service throughout British Columbia to allow tourists full access to provincial destinations, is a priority.

Previous to the impacts of September 11, it was expected the rate of growth for tourism revenues would slow slightly, largely due to two key factors: growing international competition and the slowing British Columbia economy. Preliminary forecasts for tourism revenue in 2001 now target $9.1 billion for the year, as opposed to the originally forecast $9.7 billion. This would represent about a 3.6% decrease from 2000's $9.5 billion.

This reduction leaves the industry with fewer financial resources to market British Columbia, at a time when competing jurisdictions are increasing their spending.

Further, important initiatives have been postponed as resources are focused on preventing any market erosion. This includes development of new markets, sector development and technology projects.

## Market Overview

Despite growing competition, British Columbia has been in an enviable position among world travel destinations. Our unique tourism mix combines spectacular scenery, outdoor adventure, cultural diversity and cosmopolitan city experiences.

Tourism makes a significant and growing contribution to the provincial economy, measured in terms of creating jobs and revenue. Currently, there are approximately 17,000 tourism-related businesses throughout the province, with more than 110,000 people employed in jobs directly related to tourism.

In 2001, an estimated total of 22.0 million visitors arrived in British Columbia, a decrease of 1.6% from 2000.

Overall, British Columbia residents generate the greatest revenues, contributing 27% of the province's total tourism proceeds. California, Washington, Alberta and Ontario form the rest of North America's core markets.

The United States is a vital market for British Columbia. The State of Washington remains the largest single source of U.S. visitors and travel dollars, accounting for 36% of revenue. The U.S. overnight market increased in the first 11 months of 2001 by 0.2%.

Within Canada, the strong economies of Alberta and Ontario make those provinces major sources of visitors and travel dollars. In 2001, Alberta remained the largest market in regional Canada, while Ontario represented 74% of total revenue from long-haul Canada.

During the first 11 months of 2001, the total of international visitors to British Columbia fell by 1.0%. Visitation from Asia/Pacific decreased 3.4%. European markets remain a significant source of visitors and revenue, but total European visitation decreased 6.6% over the same period last year. British Columbia had the privilege to host the 2001 DERTOUR Reisakademie, which saw over 700 German travel agents immerse themselves in British Columbia tourism product. The expectation is to see results similar to other destinations that have hosted the Academy, with many achieving as high as a 30% increase in visitation from Germany.

## A Three-Year Plan

Highlights presented reflect the goal of increasing British Columbia's share of the world tourism market, and provide useful benchmarks for corporate performance. Development of this three-year Business Plan has been guided by a number of imperatives to fulfill Tourism British Columbia's goals:

**Continuity of Core Long-Term Business Strategies**

- Maintain a "balanced portfolio" approach by concentrating marketing investment in high priority markets and product segments.
- Explore and develop emerging markets.
- Enhance the efficiency and effectiveness of operations.
- Pursue alternative, incremental revenue sources.
- Operation within five-year financial frameworks.

**Pursue Longer-Term Goals Identified in the Corporate Development Plan**

- Ensure Tourism British Columbia continually adds value to stakeholders.
- Maximize the utility of technology.
- Demonstrate value for money in program activities.
- Cultivate a 'value-based' corporate culture.
- Build excellence in marketing.

In addition, significant opportunities can be realized through a successful Vancouver-Whistler 2010 Olympic bid and expansion of the Vancouver Convention & Exhibition Centre, both of which substantially impact long-term growth potential for the tourism industry in British Columbia.

## Core Business Functions

### Marketing and Sales

The tragic events of September 11 have affected both economic conditions and consumer confidence in travel around the world. Due to these conditions and the resulting reduction to the marketing and sales budget, the primary focus will be to build short-term business from core markets at the expense of longer-term awareness and image-building activities. Over the next year, the strategy is to build business using existing and proven product experiences rather than introducing new product. In addition, there will be a reduction in efforts against new market development and a stronger focus of activities in high potential markets.

Through Tourism British Columbia's financial investment in promotional partnerships, the organization will work with industry partners to ensure concentration of mutual efforts in creating stronger initiatives that will build short-term business.

In core investment markets, the goal is to further integrate trade and consumer communication activities such as media relations, consumer advertising and promotion, and trade education and promotion for greater synergies developed across these activities, resulting in more efficient and effective programs.

### Marketing & Sales Goals

- Develop British Columbia's tourism potential from primary target markets among high potential travelers across a range of product experiences.
- Spread the economic benefits of tourism throughout the province, across seasons.
- Leverage financial resources to achieve optimum presence and provide opportunities for tourism businesses to collectively reach target markets.
- Increase number of trips, length of stay and consumer spending levels.
- Move Tourism British Columbia to an advanced online business.

## NORTH AMERICA

British Columbia derives more business from North America than any other market. By sheer size and proximity, it consistently generates more than 80% of total visitor revenue. Tourism British Columbia promotes both quick getaways and longer-stay vacations to North American visitors, focusing on different regional destinations and offering a broad range of products in every season. To reach common target markets, Tourism British Columbia partners with the Canadian Tourism Commission (CTC), the Tourism Alliance and many British Columbia partners.

### Visitor Volumes & Revenue

Industry forecasts for 2002 call for total North American visitor volume to decrease by 0.4%, with revenue decreasing by 3.2% or $240 million. Over the three-year period from 2001 to 2004, total North American visitor revenue is forecast to increase 4.3% to $7.8 billion. At the same time, British Columbia is expecting a volume increase of 3.6%, or 745,000 visitors.

### North America - Three-Year Visitor Volume Growth Projection

| | 2000 Actual | | 2001 | 2002 | 2001 - 2004 |
|---|---|---|---|---|---|
| **Market** | **Visitors (000's)** | **% Change** | **% change** | **% change** | **% Change** |
| British Columbia | 10,761 | 1.0 | 0 | 1.0 | 4.1 |
| Regional Canada | 3,712 | 1.8 | -1.1 | 0.4 | 4.3 |
| Long-Haul Canada | 1,202 | 1.8 | -3.5 | -5.0 | 0.1 |
| U.S. | 5015 | 2.4 | -3.7 | -3.0 | 2.9 |
| Mexico | 63 | 6.6 | 8.8 | -5.0 | 15.0 |
| Total North America | 20,574 | 1.5 | -1.3 | -0.4 | 3.6 |

### North America - Three-Year Revenue Growth Projection

| | 2000 Actual | | 2001 | 2002 | 2001-2004 |
|---|---|---|---|---|---|
| **Market** | **Revenue ($million)** | **% Change** | **% Change** | **% Change** | **% Change** |
| | | | | | |
| British Columbia | 2.476 | 2.5 | -1.0 | -1.0 | 5.1 |
| Regional Canada | 1.794 | 3.3 | -2.1 | -1.7 | 5.2 |
| Long-Haul Canada | 1.040 | 3.3 | -4.5 | -6.9 | 1.0 |
| U.S. | 2.343 | 3.9 | -4.6 | -4.9 | 3.9 |
| Mexico | 45 | 8.2 | 7.8 | -6.9 | 16.1 |
| Total North America | 7.698 | 3.2 | -2.8 | -3.2 | 4.3 |

### Key Challenges

- The full impact of September 11 remains to be seen; however, economic uncertainty, increases in travel costs and security surcharges, delays at borders and airports, and the high cost of intra-provincial air travel negatively impact on consumers' willingness to travel.
- Competitive activity in the North American market is fierce. Other competitive destinations have received incremental funding while Tourism British Columbia (and key Destination Marketing Organization partners) faces reduced revenue from hotel tax receipts. Patriotic campaigns in the U.S. are encouraging Americans to travel within their own country.
- Airline capacity reductions and the failure of Canada 3000 have led to fewer direct flights from U.S. and long-haul Canada destinations.
- U.S. travellers are holding off booking and are looking for last-minute deals.
- Programs are becoming more difficult to measure due to the increased number of contact channels. British Columbia's success will depend on attractive product offerings and accessible air pricing.

## Key Opportunities

- The value of the Canadian dollar versus the U.S. dollar remains high, providing added value for Americans to visit Canada and encouraging Canadians to travel within their own country.
- Consumers who are hesitant to book extended vacations may take more short getaways.
- British Columbia / Canada is well positioned as a safe destination with natural beauty, accessible nature and outdoor experiences. Many U.S. tour operators are promoting Canada as a safe, near alternative destination to substitute for planned overseas trips.
- Consumers continue to look for enriching experiences such as outdoor and adventure travel as well as educational tourism. British Columbia is well positioned to fill this niche.
- An opportunity exists to increase repeat visitation through better targeting and increased conversion through utilization of consumer databases generated by the website and call centre.

## Focus of Effort

### Markets

- Key investment markets include British Columbia, Alberta, Ontario, Washington State, Oregon, California (specifically the San Francisco Bay Area, Los Angeles & San Diego) and Arizona (Phoenix). Maintenance markets include Manitoba, Saskatchewan, New York, Texas, Minnesota, Florida, Illinois and Colorado. Mexico and South America remain emerging markets for travel to British Columbia.

### Products

- The primary focus of Tourism British Columbia's North American efforts will continue to be in support of touring, which includes both long and short stays (getaways) encompassing a range of product experiences such as sightseeing, attractions, and culture.
- Through partnership with regional tourism associations and sector associations, specific product experiences such as ski, golf, outdoor and adventure, fishing, guest ranches, spas and other niche products are also supported.

- Due to the retrenching of tour operators, efforts will be focused on maintaining British Columbia product with the travel trade, rather than on introducing new products.

### Target Audiences

- Repeat visitors
- High potential travellers, who are frequent travellers
    - Aged 35 – 54 and 55+
    - With post secondary education
    - Above average household incomes
    - Active lifestyles
    - Participate in outdoor activities

For other product sectors, demographic targets will vary.

### Performance Objectives

- Generate getaway business to British Columbia in spring and summer from priority markets through the British Columbia Escapes program, with targets of $62 million in tourism revenues, 60,000 inquiries and 10,000 bookings.
- Through the Tourism Partners program and sector specific activities, encourage regional brand and destination development, provide co-operative marketing opportunities to over 1000 businesses and promote and distribute over 1.5 million consumer travel guides.
- Maintain a 40% share of Canadian tours for British Columbia products in key tour operator brochures.
- Achieve $65 million value in unpaid media coverage through media relations activities.
- Maintain British Columbia's position with the travel trade by participating in 12 trade shows, conducting eight trade educational tours, and developing a minimum of seven co-op promotions with key tour operators.
- Achieve a doubling of applied marketing investment through industry leverage.

**Key Strategies:**

British Columbia will continue to be positioned as a travel destination that offers an affordable, refreshing vacation or getaway experience by providing a unique variety of attractions and experiences against a backdrop of Super, Natural scenery. For city destinations, the focus is to offer a cosmopolitan atmosphere with numerous urban attractions situated against a scenic background.

- Continue to use research to ensure consumer needs are being addressed through existing programs and to identify new areas of opportunity.
- Proactively seek unpaid media coverage to increase awareness of British Columbia as a travel destination.
- Support key sectors through co-op financial partnerships and by participating in or leading the development, execution, and evaluation of sector marketing programs.
- Create opportunities for tourism businesses to leverage their marketing investments by participating in programs produced by Tourism British Columbia and the Regional Destination Marketing Organizations.
- Offer specific, specially priced packages to consumers in specific target markets through the British Columbia Escapes program, utilizing a range of cost effective, integrated media that includes direct response television, print, direct mail, online promotion, and media relations.
- Utilize database marketing to target high potential consumers and encourage repeat visitation.

## OVERSEAS

The Overseas unit of the Marketing and Sales division works with the Canadian Tourism Commission, airlines and key tour operators to capitalize on opportunities from core European and Asia/Pacific markets. Tourism British Columbia has representatives based in the UK, Germany, Japan, Taiwan and Australia working on behalf of British Columbia suppliers through trade activities that include sales calls, attendance at trade shows, seminars, trade familiarization tours, and trade publications. Consumer focused activities include joint advertising and

promotions with tour operators and the Canadian Tourism Commission, attending shows, developing foreign language publications and media relations.

### Asia/Pacific

### Visitor Volumes & Revenue

Visitor volumes from Asia/Pacific are forecast to decline 1.9% in 2002, resulting in a total of 834,000 overnight visitors to British Columbia. Revenues generated by these visitors are forecast to total $888 million in 2002, a decrease of 3.7%.

Over the next three years, visitor volumes are forecast to grow by 6.7% to 907,000, reflecting an increase of 57,000 overnight visitors. During the same period revenues are forecast to grow by 8.1% to reach $997 million.

### Asia Pacific - Three Year Visitor Volume Growth Projection

| | 2000 Actual | | 2001 | 2002 | 2001 – 2004 |
|---|---|---|---|---|---|
| **Market** | **Visitors (000's)** | **% Change** | **% Change** | **% Change** | **% Change** |
| Japan | 296 | -1.1 | -12.4 | -8.0 | -4.3 |
| Australia | 144 | 11.8 | 0.3 | 0.0 | 6.1 |
| New Zealand | 29 | -9.2 | -5.7 | 0.0 | 5.1 |
| Taiwan | 118 | 3.1 | -26.7 | -2.0 | 8.0 |
| Hong Kong | 82 | -4.5 | -2.2 | 0.0 | 2.0 |
| S. Korea | 85 | 38.7 | 8.9 | 0.0 | 10.3 |
| China | 47 | 30.4 | 26.5 | 10.0 | 45.5 |
| Other Asia | 95 | 12.9 | 4.6 | 0.0 | 12.9 |
| Total Asia/Pacific | 897 | 6.4 | -5.2 | -1.9 | 6.7 |

## Asia Pacific - Three Year Revenue Growth Projection

| | 2000 Actual | | 2001 | 2002 | 2001 – 2004 |
|---|---|---|---|---|---|
| **Market** | **Revenue ($million)** | **% Change** | **% Change** | **% Change** | **% Change** |
| Japan | 290 | 0.3 | -13.3 | -9.8 | -3.4 |
| Australia | 173 | 13.8 | -0.7 | -2.0 | 7.1 |
| New Zealand | 35 | -8.6 | -6.6 | -2.0 | 6.1 |
| Taiwan | 152 | 4.8 | -27.4 | -4.0 | 9.1 |
| Hong Kong | 92 | -3.2 | -3.2 | -2.0 | 3.0 |
| S. Korea | 84 | 42.4 | 7.8 | -2.0 | 11.3 |
| China | 50 | 32.5 | 25.2 | 7.8 | 46.9 |
| Other Asia | 107 | 15.1 | 3.6 | -2.0 | 14.0 |
| Total Asia/Pacific | 984 | 8.0 | -6.4 | -3.7 | 8.1 |

### Key Challenges

- There is an uncertain and volatile environment following September 11, especially in Japan.
- Japan, Taiwan and Hong Kong continue to experience a significant economic slowdown.
- Air capacity from Australia to Canada has declined significantly. Only Air Canada offers same-plane service, and capacity via the U.S. has been greatly reduced.
- Fierce competition from other National Tourism Offices (NTO) with much larger budgets.
- Exchange rates have declined from most key markets making a British Columbia vacation more expensive.
- Trade consolidation and reduced margins are contributing to wholesalers' reluctance to introduce new products.

### Key Opportunities

- The older / affluent "Silver" market in Japan is less affected by the economic downturn; they represent a large share of Japanese visitors to British Columbia.

- Consumer demand for experiential and outdoor travel is forecast to grow; these products match British Columbia's tourism product availability.
- Canada is a "hot" destination in Australia and British Columbia is considered a primary ski destination.
- Growth of the Internet as a trip-planning tool.

## Focus of Effort

### Markets

- Investment markets are Japan, Australia/New Zealand and Taiwan.
- Maintenance markets will continue to be Hong Kong and South Korea.
- Emerging markets that will continue to be developed include Southeast Asia (Singapore, Thailand, Malaysia, the Philippines) and China.

### Products

- Touring represents the largest market potential for all markets, with activities including sightseeing, wildlife viewing, soft adventure, fishing, golf, spas and cultural experiences.
- Other products to be promoted include skiing, as well as niche tours such as spring blossoms and hot springs.

### Target Audiences

- Leisure travellers with some existing awareness of Canada as a destination, including older couples with above average income and some international travel experience.

- Japan
    - Focus split between those travelling as part of an established, escorted group and those who are travelling more independently on tours with flexible components, with minor emphasis on educational and technical visitors.
    - Demographically, targets include older couples with above average disposable income and some international travel experience, families and honeymooners, and single females aged 30+ (known as "office ladies segment 2").

- Australia
  - Focus primarily on independent travellers looking for nature and city experiences, with ski targeting those who have skied in New Zealand or in other international destinations.
  - Demographically, targets include "active seniors" with above average disposable income and some international travel experience.

- Taiwan
  - Primary focus on visitors purchasing group tours with growing emphasis on FIT (fully independent travellers).
  - Demographically, targets include above average income couples and families with some international travel experience.

## EUROPE

### Visitor Volume & Revenue

Visitor volume from Europe is forecast to decline 1.8% in 2002, resulting in a total of 607,000 overnight visitors to British Columbia. Revenues generated from European visitors are forecast to decrease 3.5% in 2002 to $612 million.

Over the next three years, visitor volume is expected to increase by 4.2%, or 26,000 for a total of 644,000 overnight visitors. During the same period, revenues are forecast to grow by 5.4% to reach $669 million.

## Europe - Three Year Visitor Volume Growth Projection

| | 2000 Actual | | 2001 | 2002 | 2001 - 2004 |
|---|---|---|---|---|---|
| **Market** | **Visitors (000's)** | **% Change** | **% Change** | **% Change** | **% Change** |
| UK | 298 | 11.5 | -4.8 | 0.0 | 6.1 |
| Germany | 125 | -7.2 | -12.2 | 0.0 | 6.1 |
| Austria | 9 | 1.1 | -13.9 | -5.0 | -1.2 |
| Switzerland | 26 | -1.6 | -18.1 | -5.0 | -1.2 |
| Netherlands | 42 | 6.2 | -7.9 | -5.0 | -0.2 |
| France | 31 | -22.8 | -13.1 | -5.0 | -0.2 |
| Italy | 19 | -15.5 | 3.5 | -5.0 | 1.8 |
| Other Europe | 117 | 5.3 | -5.3 | -5.0 | 1.8 |
| Total Europe | 666 | 2.5 | -7.3 | -1.8 | 4.2 |

## Europe – Three Year Revenue Growth Projection

| | 2000 Actual | | 2001 | 2002 | 2001 - 2004 |
|---|---|---|---|---|---|
| **Market** | **Revenue ($million)** | **% Change** | **% Change** | **% Change** | **% Change** |
| UK | 326 | 13.2 | -5.8 | -2.0 | 7.1 |
| Germany | 154 | -5.8 | -13.0 | -2.0 | 7.1 |
| Austria | 12 | 2.6 | -14.8 | -6.9 | -0.2 |
| Switzerland | 32 | -0.1 | -18.9 | -6.9 | -0.2 |
| Netherlands | 35 | 7.8 | -8.9 | -6.9 | 0.8 |
| France | 26 | -21.6 | -14.0 | -6.9 | 0.8 |
| Italy | 16 | -14.3 | 2.4 | -6.9 | 2.7 |
| Other Europe | 93 | 6.9 | -6.2 | -6.9 | 2.7 |
| Total Europe | 693 | 4.1 | -8.5 | -3.5 | 5.4 |

## Key Challenges

- An uncertain and volatile environment following September 11.
- There has been economic slowdown in a number of European countries.
- Costly long flights with a limited number of carriers serving the routes.
- Fierce competition in both Germany and the UK by National Tourism Organizations with larger budgets.
- Increasing prices in conjunction with exchange rates putting the cost of a British Columbia holiday outside the reach of many Europeans.
- The unknown impact of the introduction of the Euro on travel.
- Environmental activism continues, specifically directed to wildlife and hunting policies.
- Lack of knowledge and commitment by Air Canada to Canada's West Marketplace.

## Key Opportunities

- Increasing interest in culture, eco-tourism, wildlife, adventure and activity-based holidays.
- Aging UK population translates into more free time and disposable income.
- Increasing interest from the UK in western Canada as a ski destination.
- Canada continues to have a positive image; clean, safe, and offers first class outdoor / nature based experiences.
- Scandinavian countries showing increasing interest in western Canada.

## Markets

- Investment markets continue to be the UK and Germany.
- Maintenance markets continue to be the Netherlands, Switzerland, Austria and Scandinavia.

## Products

- Touring represents the largest market potential, with activities including sightseeing, wildlife viewing, soft adventure, fishing, golf, spas and cultural experiences.
- Continued promotion of Thompson Okanagan and British Columbia Rockies ski areas will be actively pursued.

### Target Audiences

- Primary focus will be on leisure travellers with an existing awareness of Canada, specifically independent travellers purchasing component packages.
- Other target audiences include:
    - Skiers who have been to other international resorts.
    - Older, affluent consumers and empty nesters with international travel experience.
    - Young adventurers seeking a combination of nature and city experiences.

### Overseas Performance Objectives

- Maintain British Columbia's share of Canadian product at a minimum of 60% in key Asia/Pacific operator brochures, and at 40% for Europe.
- Develop and implement 15-20 Asia/Pacific and 25 European co-op marketing campaigns with tour operators. Targets will be set and tracked for each program using inquiries and bookings.
- Generate at least $1 million in equivalent advertising value through unpaid media.
- Obtain 75% good or excellent rating from buyers and sellers attending Canada's West Marketplace.
- Fulfill consumer and trade information requests by developing and distributing 300,000 - 400,000 Tourism British Columbia publications to consumer and trade including maps, Vacation Planners, new product bulletins, and lure brochures in multiple languages.

### Key Overseas Strategies

Tourism British Columbia's marketing efforts position the province as a travel destination that offers a diverse range of uniquely Canadian experiences combining nature and urban activities within Super, Natural surroundings.

- Develop measurable key account co-op marketing programs designed to increase awareness and convert interest into tangible sales.
- Capitalize on the awareness created by co-hosting the DER Travel Academy in Vancouver in 2001 by developing specific co-op marketing programs with tour operator, DERTOUR.

- Place the development and introduction of new products or routes with key accounts on hold until markets return to pre-September 11 visitation levels.
- Continue to participate in the CTC direct response television and print campaigns in the UK and Germany, while influencing these programs to be more efficient. Participate in other CTC-led integrated consumer campaigns designed to raise awareness and provide a strong call to action, where appropriate.
- Continue to develop database-marketing opportunities in the UK and Germany.
- Continue to co-host Canada's West Marketplace, providing a vehicle for British Columbia and Alberta tourism businesses to build business from overseas tour operators.
- Continue to support the CTC's China office and trade education activities in preparation for Approved Destination Status approval.
- Fulfill consumer and trade information requests by developing and distributing high quality print publications.
- Proactively seek targeted media to obtain unpaid coverage of new and existing products in British Columbia.

## Destination Management System

Over the past decade, developments in technology and, in particular, the Internet have changed the way consumers access vacation ideas and seek information on their potential travel destinations. They are no longer willing to do their planning between the hours of nine to five and then wait for a brochure to be delivered by mail. The tourism industry is now dealing with a more sophisticated, wired consumer that is looking for real-time, well-organized information on accommodation, activities, attractions and events. They also want to plan their itinerary on line and then be able to book on line or with a convenient phone call.

Tourism destinations that will succeed in the future will gain market share and maintain a competitive advantage by implementing a destination management system that uses new technologies and additional distribution channels, such as the Internet, to maximize their reach and meet the needs of potential visitors. To do this, these destinations will have timely, comprehensive tourism product and destination information available electronically through websites as well as traditional channels, such as call centres, visitor information centres and

publications. Many highly competitive tourism destinations are in the process of implementing these systems now.

To improve British Columbia's competitiveness as a travel destination and to increase market share and tourism revenue, Tourism British Columbia must implement a technologically enabled, integrated destination management system. This system will ensure British Columbia's tourism businesses have their product and information available electronically and, with strong marketing exposure for the system, have that information reach the maximum number of potential visitors.

Tourism British Columbia's destination management system will deliver on-line information on attractions, activities, events and accommodation, as well real-time availability and booking.

The development of this system is anticipated to be a multi-year endeavour that will include the investigation, planning and implementation of the following elements:

- A comprehensive database that contains information on British Columbia tourism accommodation, attractions, activities and general destination information.
- A system for industry to access and instantly update their information on the database.
- Technology applications that will provide:
    - easy access to the information in the database for use on the website, through the call centres, visitor information centres, and other partners.
    - a more flexible, web-based booking system that will allow customers to convert from an inquiry into a reservation.
- An improved website that works with the database and allows easy access by the consumer, travel trade and media.
- A customer database that can be used for more efficient marketing programs to build business.

## Performance Objectives

To recommend and implement a comprehensive destination management system that includes:

### *Phase 1*

- A business plan for a destination management system that includes: a revenue model, an integrated accommodation and non-accommodation listing and reservation program, appropriate travel information, a customer relationship program and a business process redesign that will facilitate the new system.
- An information technology strategy that will provide a business and technical view of the technology architectures, standards and capital requirements to implement the business plan.
- An implementation plan that will define project priorities, timelines and resource requirements.
- A transition plan that will include training and change management strategies, as well as contingency plans for existing systems.

### *Phase 2*

- Source and acquire the appropriate technology and resources to implement the business plan.

### *Phase 3*

- Implement the new business processes and technology.

In this fiscal year, based on current budget levels, plans are to complete Phase 1 and initiate the technology acquisition and implementation phases. Full implementation will require operating and capital resources greater than what is currently available.

## TOURISM OPERATIONS

The activities of Tourism Operations can influence the consumer at each stage of their British Columbia vacation experience, as the division works towards building customer loyalty within all regions of British Columbia. Working directly with visitors and industry, the division provides information fulfillment, product sales and promotes increased travel. This includes a commitment to quality assurance through the enhancement of standards for facilities, services and amenities, and a similar commitment to long-term professional development programs for the tourism workforce. Another key function is undertaking research for the British Columbia tourism industry.

### Tourism Operations Goals

- Increase length of stay and encourage visitors to see different parts of the province.
- Enhance the quality of tourism products and services.
- Assist in the development of a professional, well-trained workforce.
- Collect and disseminate information on all markets and visitors.
- Integrate information technology with the corporation's primary business strategies.

The division's business units are strategically aligned to specific goals: **Visitor Services and Sales** is designed to provide potential visitors with the full range of travel information and reservation services; **Training Services** develops programs to ensure the ongoing availability of a professional well-trained workforce; **Accommodation Services** targets the enhancement of visitor accommodations; and **Research Services** is charged with the collection, evaluation and dissemination of information on tourism activity and the tourism industry; **Information Technology** provides technical solutions to support business priorities for the corporation.

### Visitor Services and Sales

Ensuring that visitors receive timely and accurate information and services throughout both their trip-planning and vacation experience is the role of the Visitor Services and Sales unit. Key functions include brochure request fulfillment, accommodation reservations, trip counseling and providing retail opportunities to purchase a Super, Natural memento of their vacation.

## Super, Natural British Columbia Reservation and Information Service (SNBC)

Tourism British Columbia's toll-free Super, Natural British Columbia Reservation and Information Service (1-800 HELLO BC) is an important first point of contact for many visitors to the province. More than 700 industry operators subscribe to the booking component, which is also the primary reservation system for Discover Camping, West Coast Trail, Bowron Lake Canoe Circuit and Gwaii Haanas National Park Reserve. Integrating the reservations service into Visitor Info Centres and website, HelloBC.com ensures a consistent and quality product is offered to visitors. SNBC is an important contributor to repeat visitation, which is essential to overall tourism growth.

### Key Challenges/Opportunities

- Current market conditions are negatively affecting average rates, volume of reservations and length of stay at the Call Centre.
- Competition from other industry suppliers and web-based companies is increasing with a number of companies vying for the same consumer.
- The current reservation platform is not web-based, and with increased competition, a timely solution is paramount in meeting supplier and consumer needs.

### Performance Objectives

- Achieve a call volume of 280,000 calls.
- Achieve $7.8 million in gross reservations.
- Convert 20% of callers to bookings.

### Key Strategies

- Continue to strengthen partnerships to increase offers and opportunities for customer purchases.
- Optimize performance at SNBC by effectively managing Call Centre performance.
- Increase Supplier product training and familiarization tours to increase agent product knowledge.

## Visitor Information Services

Tourism British Columbia operates Visitor Information Centres at key Alberta and U.S. border crossings, and partners with an additional 110 community-based Visitor Info Centres throughout the province. These centres welcome approximately 3.2 million visitors annually and provide a wide range of services including detailed trip counselling, accommodation reservations and Super, Natural British Columbia souvenirs.

Recognizing the importance of a quality visitor experience, all Visitor Info Centres must meet standard criteria.

The Visitor Services unit also manages the Tourism Product Database, a comprehensive listing of 7,000 tourism products and services, and provides warehousing and distribution services.

## Key Challenges/Opportunities

- Changing market conditions may impact visitation levels at Info Centres throughout the province.
- An opportunity exists to increase participation in merchandising and royalty programs through improved targeting.

## Performance Objectives

- Maintain 110 Visitor Information Centres participating in the Network program.
- Achieve merchandise sales and royalty revenues of $400,000.
- Achieve 21,600 accommodation bookings.

## Key Strategies

- Continue to develop activities and programs that result in a quality, one-stop, full experience for the visitor.
- Develop and distribute credible, quantitative data measuring expenditures and trip planning habits by visitors who use Visitor Info Centres to key municipal organizations.
- Conduct a survey to demonstrate the value of the Visitor Info Centre and how they impact the visitor.

## Accommodation Services

To secure loyal, repeat customers, Tourism British Columbia's Accommodation Services unit works with the industry to maintain and enhance accommodation standards through various activities, including industry counselling, Access Canada, Canada Select, and highway signage programs to promote approved facilities.

A major publication produced by this unit is the annual Approved Accommodation Guide, the most comprehensive directory of accommodations in the province and the only directory of inspected/approved accommodation facilities. More than 2,900 properties participate in the program. The Canada Select Accommodation Rating Program addresses the trend for consumers to choose accommodation predicated on a quality rating; and the Access Canada Program provides accessible accommodation for persons with disabilities.

## Key Challenges/Opportunities

- Due to the current market conditions, maintaining current participation in Accommodation Services programs is a major goal.

## Performance Objectives

- Provide consumers with assurance that British Columbia accommodation properties meet their choice and expectations by completing 1,000 regular, 283 Canada Select, and five Access Canada inspections in fiscal 2003.
- Maintain Accommodation Guide revenues at $1.288 million.

## Key Strategies

- Increase the quality of accommodation in the province by concentrating efforts on properties with questionable cleanliness/state of repair histories.
- Carry out priority property inspections on new applications.
- Realign guide programs and procedures to integrate business priorities identified in the industry destination management system.

## Training Services

Recognizing that the quality of the visitor experience is vital to long-term growth of tourism in the province, Tourism British Columbia's Training Services works with industry to develop a professional workforce with strategic priorities based on the needs of the labour market.

Training Services develops curriculum materials and also supports the trainers who conduct SuperHost Face-to-Face workshops, which are internationally recognized customer service training workshops. SuperHost continues to see over 20,000 participants per year in these programs. Among these is the popular Frontline Management Solutions, specifically designed for managers and supervisors in the tourism and service industry.

## Key Challenges/Opportunities

- Changes in funding strategies for job re-training and employment initiatives (both federally and provincially) continue to adversely affect sales.
- When economy is slow, training budgets are minimized.
- Arena for customer service training is intensely competitive by individuals or training companies – relationship selling is key, but costly.
- SuperHost Fundamentals, a well-respected product, is in the mature stage of the product life-cycle.

## Performance Objectives

- Train 21,000 participants in SuperHost Face-to-Face and Frontline Management Solutions in British Columbia.
- Maintain 2001/02 revenue levels including generating $10,000 in sales of SuperHost suite of products outside of British Columbia.
- Develop an integrated Tourism Human Resource strategy addressing key labour market issues by December 2002.

### Key Strategies

- Continue to focus on activities in consulting arena that help to reach revenue targets.
- Support SuperHost image as a high-quality, integrated customer service program, through trainer reviews, speaking engagements, writing articles, etc.
- Continue to work with corporate clients, delivery organizations, secondary schools, and the post-secondary system to promote sales.
- Use results from research survey to further promote benefits of SuperHost training.
- Promote "pay as you go" licensing system, where appropriate.
- Continue to promote SuperHost outside of British Columbia.

### Research Services

Research Services provides the tourism industry with information on the dynamics of world travel markets and the performance of specific industry sectors in British Columbia. Research Services has instituted a performance monitoring system that systematically sees relevant information on the status of the industry shared with stakeholders. An Industry Advisory Council has been created to assist in gathering and interpreting information.

The unit publishes key research information, including tourism revenue and volume forecasts, Tourism Indicators, and the Value of Tourism. Research Services also provides Tourism British Columbia with strategic and market intelligence, and program evaluation services.

### Key Challenges/Opportunities

- Budget reductions have required a postponement of the development of components of the British Columbia Visitor Study replacement project.
- Research Services is managing a number of unplanned projects including:
    - Post-September 11 industry tracking
    - Destination Management System (DMS) related research
    - Core Services Review
- There is a continuing need for more sector/regional information for business planning purposes.

- Distribution of tourism research publications to the corporate website will reduce costs and improve timeliness of information.

### Performance Objectives

- Publish and distribute research to the tourism industry, including eight issues of Tourism Indicators, the Value of Tourism, and the annual Tourism Outlook and custom entries.
- Produce semi-annual estimates of British Columbia Visitor Volume and Revenue by Market.
- Expand accommodation performance tracking to include two new communities
- Complete four new product profiles.
- Distribute 50% of publications electronically and fulfill 90% of information requests within three days.

### Key Strategies

- Continue to build partnerships with industry and other tourism organizations to improve research information.
- Track key issues including competitive spending levels, economic forecasts, the on-going impact of September 11 on the British Columbia tourism industry and other issues of strategic importance.
- Improve efficiencies in the distribution of research information through the use of the Internet.

### Information Technology Services

Information Technology Services core activities are to provide technology leadership for Tourism British Columbia, and ultimately the industry, through the development and implementation of information technology (IT) strategies. In addition to day-to-day responsibilities for office systems and business applications, this unit is also responsible for developing and maintaining Tourism British Columbia's web presence.

## Performance Objectives

- Develop and implement a common technology platform to support the delivery of integrated programs and maximize the functionality of Tourism British Columbia's distribution channels. Priority applications for development to be determined in the Destination Management System (DMS) initiative.
- Office systems and business applications available 99% of the time during regular business hours.
- Help desk calls reduced by 10%.

## Key Strategies

- Reconcile and integrate all business strategies with the tactical technology implementation plan.
- Continue to execute operational strategies that strive for efficiencies while, at the same time, ensuring the continuing stability and sustainability of the technology platform at Tourism British Columbia.
- Build relationships and on-line partnerships with key travel industry companies and other potential partners to increase exposure, functionality and visitation to Tourism British Columbia's websites.

## BUSINESS DEVELOPMENT DIVISION

To help Tourism British Columbia fulfill its mandate, the Business Development division targets the development of additional revenue for reinvestment in the corporation's business activities. This division also carries out the industry development function and manages communications and marketing services to support Tourism British Columbia's business plans.

The Business Development Division manages the operations of the newly acquired Beautiful British Columbia Magazine (BBC).

The division's business units are aligned along divisional goals. For Business Development, it is to contribute to revenue generation, job creation and balanced growth in the tourism industry. Beautiful British Columbia Magazine is to create awareness of the province as a travel destination and to provide the corporation with incremental revenue. Industry Development provides expertise and support for the tourism industry and Tourism British Columbia, in addition to raising overall awareness. Corporate Communications works with all other divisions to reinforce the value of tourism and awareness of Tourism British Columbia's programs. Marketing Services provides quality, efficient and cost-effective advertising and production services to the corporation including the development of all corporate publications. In addition, Marketing Services looks to increase trade and consumer awareness of British Columbia as a top travel destination through strategic management of travel media.

### Beautiful British Columbia magazine (BBC)

The assets and operations of BBC were acquired June 15, 2001. BBC's primary activities are the quarterly publication of the BBC Magazine and the BBC Travel Guide.

BBC is a wholly owned subsidiary; consequently, its results of operations are included in Tourism British Columbia's consolidated financial statements.

### Key Challenges/Opportunities

- There has been a decline in total annual subscriptions over the last few years.
- Aging subscribers provide a limited time frame for revitalization of the magazine to a new audience.

- Integration of the magazine business unit into the corporation.
- Synergies with Tourism British Columbia in the operation provide significant savings opportunities for future years.
- Research supports product acceptance as very high.

### Performance Objectives

- Increase subscription base by 7.5% to 145,000 subscribers.
- Provide total gross revenues of $2,750,000 and a net profit of $52,000.

### Key Strategies

- Continue to find efficiencies in all operational areas of the magazine.
- Redesign a product that will appeal to current subscribers, to their gift recipients and to younger potential subscribers.
- Develop successful circulation and marketing programs.
- Complete integration of magazine business unit into corporate Tourism British Columbia.

### Business Development Unit

Business Development's primary activities include merchandising and joint venture programs and other strategic partnerships. This unit also assists in the exploration of undeveloped emerging markets, cultural tourism sectors and evaluates non-traditional opportunities.

### Key Challenges/Opportunities

- Budget reductions after the September 11 tragedy have reduced or eliminated some program development, such as the Okanagan Cultural Corridor Project and Aboriginal tourism activity.
- The Federal Government's proposed reduction of funding to Western Economic Development (WED) would eliminate important programs, such as those managed by the Tourism Alliance of Western Canada.
- An opportunity exists in the identification and development of tourism products throughout the province.

### Performance Objectives

- Obtain a new Federal funding agreement for the Tourism Alliance of Western Canada.
- Complete a Provincial Rails to Trails development and marketing strategy.
- Ensure the 2010 Olympic WorldHost program meets the objectives of skills development and international awareness through staging events that maximize the attendance of key sports officials and IOC delegates.

### Key Strategies

- Maintain and expand relationships with both traditional and non-traditional partners.
- Assist the Aboriginal Tourism Association of British Columbia to build programs, as well as identify and assist in developing other opportunities in the cultural tourism sector.
- Continue to build support for Federal funding of WED and the Tourism Alliance of Western Canada.
- Continue the development of a provincial rails to trails strategy.
- Utilize WorldHost program submission to create awareness of British Columbia's bid for the 2010 Olympics.

### Corporate Communications

The Corporate Communications unit develops and manages programs to raise awareness and support for the value of the tourism industry in British Columbia, and for Tourism British Columbia's activities. This unit provides timely, relevant information on developments that affect tourism in the province to industry and the media.

### Key Challenges/Opportunities

- Reduced budgets come at a time when Tourism British Columbia requires the input of industry and community stakeholders on a number of matters including market conditions, the Core Services Review and the Destination Management System project. In addition, there is increased demand by stakeholders for Tourism British Columbia to relate the corporation's efforts in conjunction with industry to mitigate recent downturns. Efforts will be prioritized to ensure that Tourism British Columbia achieves maximum two-way communication.

- A new corporate website, tourism.bc.ca, will provide greater opportunity to provide timely and relevant information directly to industry. Long term, this activity should result in permanent savings.

### Performance Objectives

- To effectively identify, monitor and manage all tourism-related issues facing the corporation, including reinforcing the vision and values of Tourism British Columbia.
- To publish key publications, such as the Program Guide, Business Plan, Annual Report and the Super, Natural Fax newsletter on time and on budget.
- To manage and support Tourism British Columbia presentations and events that further enhance two-way communications with key stakeholders across primary industry sectors and throughout the tourism regions.
- To launch Tourism British Columbia's corporate website (tourism.bc.ca) by April 2002, and manage corporate content so that it becomes a useful tool for the British Columbia tourism industry on an ongoing basis.

### Key Strategies

- Continue to foster relationships with key media.
- Manage resources of department to ensure the Program Guide, Business Plan, Annual Report and Super, Natural Fax are produced on time and on budget.
- Identify opportunities for Tourism British Columbia participation that will further delivery of key messages.

### Industry Development

Principal responsibilities include the relationship between Tourism British Columbia, the tourism industry and individual communities throughout the province, as well as provision of individual tourism operators with specific business building tools that they can immediately put to work. Additional responsibilities include industry sector development and individual business counselling.

### Key Challenges/Opportunities

- The current fiscal climate presents significant challenges, though the department's priorities have not shifted:
- Encourage co-operation and partnerships within and between communities.
- Provide industry with resource materials through non-traditional means.
- Facilitate the creation of self-sustaining sector groupings and associations.
- Use technology as a tool to maximize effectiveness while minimizing costs.

### Performance Objectives

- Deliver six Community Essentials Workshops - planning sessions to assist in the local development or enhancement of community tourism strategic plans.
- Publish, conventionally or electronically, three business-relevant guides.

### Key Strategies

- Ongoing consultative relationships between Tourism British Columbia and communities throughout the province, encouraging growth and profitability.
- Facilitate the formation of viable tourism industry sectors.

### Marketing Services

The Marketing Services unit is responsible for the management of advertising and production services, consumer publications, trademark protection, the Image Bank and Travel Media Relations, helping to ensure a consistent, high-quality, "Super, Natural" brand image in all promotion of Tourism British Columbia and British Columbia's tourism products.

### Key Challenges/Opportunities

- Both the Vacation Planner and Outdoor Adventure Guide continue to offer an attractive promotional opportunity to British Columbia's tourism industry. However, current economic conditions within the tourism industry may have a negative impact on revenues in both the Vacation Planner and Outdoor Adventure Guide.

- With Phase I of the Image Bank's new Digital Asset Management system in operation, Tourism British Columbia staff and industry partners will have access to an increased number of images, as well as benefiting from time and cost efficiencies and improved customer service.
- Excellent working relationships with the CTC's media relations staff in the U.S., the regions and DMOs have resulted in increased press trip opportunities and media coverage.
- Post-September 11, U.S. and Canadian travel editors have shown increased interest in British Columbia as a travel destination. However, increased financial investment in media relations initiatives by Alberta, Ontario and Quebec, as well as by U.S. and international destinations, is resulting in stiffer competition for media attention.

## Performance Objectives

- Deliver high-quality and effective internal advertising and production services to all Tourism British Columbia divisions, on time and on budget.
- Maintain the publications program at 100% cost recovery.
- Upgrade the Digital Asset Management system to increase the availability of high quality imagery of British Columbia and its tourism product to internal and industry users.
- Ensure that all Tourism British Columbia trademarks are updated, registered and protected.
- Generate $65 million in unpaid editorial coverage in key markets in the U.S. and Canada.

## Key Strategies

- Monitor the impact of the economic climate on publication revenue to maximize cost recovery.
- Continue to develop a proactive distribution plan for Tourism British Columbia publications.
- Continue to implement the new Digital Asset Management system in the Image Bank, including testing and refining the new system and adding new imagery.
- Continue implementing updated trademark, graphic standards and copyright guidelines and policies.

- Continue to build media awareness and experience of the diverse tourism product available throughout British Columbia.
- Continue to strengthen ongoing relationships with key media, and build new associations through attendance at media marketplaces and other industry events.

## CORPORATE SERVICES

A marketing-driven organization such as Tourism British Columbia requires sound financial and performance management systems to support all activities and help ensure value is obtained for money spent. Corporate Services provides the infrastructure and direction that assure efficient, cost-effective performance across the organization and assist the corporation in achieving its business goals and objectives.

### Key Challenges/Opportunities

- The potential of any impacts from Core Services Review on corporate services unknown at this time.
- There is an opportunity for processing efficiencies through electronic travel vouchers, leave forms, EFT, etc. Conversion to E-forms is both a challenge and an opportunity. Current staffing may not allow pursuit of this initiative in the short term.
- Access to detailed hotel tax information through the Ministry of Finance is critical to the corporation's ability to forecast future revenue streams and cash flows with any degree of accuracy.
- There are potential synergies/efficiencies by integrating Beautiful British Columbia and SNBC accounting systems.

### Performance Objectives

- To ensure favourable conditions for corporate decision-making through accurate, complete, useful and timely reporting of financial information. Financial statements will be prepared by the 15th of every month, and the accuracy and usefulness will be determined per feedback from management, the board, and our external auditor.
- To increase processing efficiencies and decrease paper flow by developing and implementing electronic forms solutions for a sample of documents, including travel vouchers and leave forms.
- To ensure Tourism British Columbia's published Annual Report and the corporate service plan comply with the *Budget Transparency and Accountability Act (BTAA)*, and associated guidelines.
- Net investment returns match or outperform the British Columbia Investment Management Corporation's short-term money market fund (ST1).

## Key Strategies

- Maintain the integrity of the financial system through a thorough system of controls, and continue to provide monthly financial statements and reports to key decision makers
- Continue conversion to E-forms initiative.
- Work with program staff to ensure measures and targets are meaningful and meet pre-established criteria.
- Analyze investment options and examine alternatives on an ongoing basis.

## Human Resource Development

To be recognized as a world-leader in tourism destination management, Tourism British Columbia's people must achieve a high level of professionalism characterized by dedication and energy. The Human Resource Development division develops and leads internal programs to maintain the high quality of our workforce, aligning human resources and business strategies. The division focuses on recruitment, labour relations, compensation and benefits, and training and development.

It is recognized that a positive relationship with employees adds great value to the corporation.

### Key Challenges/Opportunities

- The impacts of reduced operating budgets have resulted in the elimination of seven positions at Beautiful British Columbia magazine. All other vacant positions have been frozen until the fiscal situation improves.
- Training has been significantly reduced, which may impact on developing new skills to embrace change through implementation of the corporation's Destination Management System.
- Tourism British Columbia's collective agreement has been extended for one year by mutual agreement with union partners. As a result, all wages have been frozen.

### Performance Objectives

- Achieve an employee absence rate of 2% or less.
- Achieve an employee turnover rate of 5% or less.
- Perform an employee survey bi-annually with a satisfaction level of "satisfied" or better.
- Commence collective bargaining by February 2003.
- Have fewer than three grievances filed per fiscal year.

### Key Strategies

- Continue to lead the process of working in a values-based corporation.
- Ensure compensation systems reflect market.
- Conduct annual employee satisfaction survey.
- Manage the corporation's performance achievement process.
- Lead the collective bargaining process in 2003.

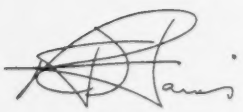
## Summary Financial Outlook

In order to achieve the corporation's mandated goals, Tourism British Columbia will invest $31.7 million in tourism marketing programs in 2002/2003. Over the next three years, Tourism British Columbia's investment is forecast at $96.5 million.

Tourism British Columbia's revenue is directly tied to the performance of the provincial tourism industry. Through a legislated funding formula, Tourism British Columbia receives 1.65 points of the 8% British Columbia Hotel Room Tax. Traditionally, Tourism British Columbia's success at increasing visitor revenue and creating tourism-related jobs has led to higher-level hotel room earnings and in turn, an increased budget for the corporation. However, forecast Hotel Room Tax revenue in 2002/03 (according to the Ministry of Provincial Revenue) is anticipated to be $23.5 million. The corporation anticipates a recovery will begin before the end of fiscal 2002/03.

During 2001/2002, expenses are forecast to exceed total revenues by $3.5 million. As identified in the long-term financial plan, the source of funds will be the retained surplus that is projected to decline at an orderly rate, allowing for a consistent level of program expenditures over the next four years, until hotel tax revenue growth "catches up" to expenditure levels.

| 000s | 2001/02 Forecast | 2002/03 Budget | 2003/04 Forecast | 2004/05 Forecast |
|---|---|---|---|---|
| Hotel Room tax [1] | $23,100 | $23,500 | $24,400 | $25,600 |
| Program activities | 7,450 | 7,636 | 8,364 | 8,566 |
| Investment income | 197 | 160 | 120 | 70 |
| Less: tax revenue allowance[2] | (300) | (1,840) | (1,440) | (1,492) |
| **Total Revenue:** | **30,447** | **29,456** | **31,444** | **32,744** |
| | | | | |
| Marketing and Sales | 12,458 | 11,677 | 11,677 | 11,800 |
| Tourism Operations | 12,092 | 11,220 | 11,220 | 11,350 |
| Business Development | 5,546 | 5,161 | 5,543 | 5,624 |
| Corporate Services, Human Resources, CEO's office, Board and Contingency fund | 3,224 | 3,057 | 3,107 | 3,360 |
| Amortization | 637 | 550 | 550 | 625 |
| **Total Expenses** | **33,957** | **31,665** | **32,097** | **32,759** |
| Operating income (loss) | (3,510) | (2,209) | (653) | (15) |
| Opening surplus | 7,389 | 3,878 | 1,669 | 1,016 |
| Closing surplus | **3,878** | **1,669** | **1,016** | **1,000** |



Signature

Rod Harris

President and Chief Executive Officer

[1] Forecast hotel tax supplied by the Ministry of Provincial Revenue

[2] Tax revenue allowance provides a contingency for hotel tax shortfalls that may occur due to such factors as the impacts of September 11, airline restructuring, and restricted border clearance

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